

## **COST SEGMENT 3 COST POOLS AND OTHER RELATED INFORMATION (PUBLIC VERSION)**

### **I. PREFACE**

#### ***I-A. Purpose:***

USPS-FY15-7 provides estimates of volume-variable costs by product and other related data for Cost Segment (CS) 3. These data serve as inputs to the Cost and Revenue Analysis (CRA) “B” Workpapers, the CRA model, various Special Cost Studies, and NSA cost models. This folder also provides data on aggregate CAG K-L costs requested by the Commission in Order No. 2837 (Nov. 24, 2015) for USO reporting purposes.

#### ***I-B. Predecessor Documents:***

The most recent predecessor document was USPS-FY14-7 in Docket No. ACR2014.

#### ***I-C. Corresponding Non-Public or Public Document.***

USPS-FY15-NP7 is the public version of USPS-FY15-NP18. USPS-FY15-7 reports costs for competitive domestic mail products in aggregate; these are reported as separate products in USPS-FY15-NP18.

USPS-FY15-7 SAS program code, SAS logs, and SAS output tables correspond to those submitted in the USPS-FY15-NP18 folder, but use the public version of the IOCS data file in USPS-FY15-37, while those for USPS-FY15-NP18 use the non-public version of the IOCS data file in USPS-FY15-NP21.

#### ***I-D. Methodology:***

The Cost Segment 3 calculations and workbooks have been updated to reflect the merger of Cost Segments 3 and 4, approved by the Commission in Order No. 2837 (Docket No. RM2015-19). Otherwise, USPS-FY15-7 uses the same methodology as described in USPS-FY14-7, with no substantive changes to the MODS- and IOCS-based cost pools or cost distribution methods for FY2015.

#### ***I-E. Inputs/Outputs:***

FY2015 information from the data systems identified in USPS-FY14-NP18—Pay Data system expenses by LDC, MODS workhours, and IOCS data—are inputs to USPS-FY15-NP18. The IOCS data set is provided in USPS-FY15-37 (public version). In addition to those data systems, USPS-FY15-NP18 uses webROADS Remote Encoding Center console hours in USPS-FY15-23, Express Mail volume

from the FY15 RPW report, and the Inbound Express Mail volume from USPS-FY15-NP2 are inputs to this folder.

USPS-FY15-7 outputs are used in other public folders as follows:

USPS-FY15-2	FY2015 Public Cost Segments and Components Report
USPS-FY15-8	Equipment and Facility Related Costs
USPS-FY15-10	FY2015 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY15-11	FY2015 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY15-12	Standard Mail Hybrid/Parcel Cost Study
USPS-FY15-13	FY2015 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY15-15	FY2015 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model / Media Mail – Library Mail Processing Cost Model
USPS-FY15-21	FY2015 QBRM and BRM Costs
USPS-FY15-25	FY2015 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY15-26	FY2015 Mail Processing Costs by Shape (Public Portion)
USPS-FY15-28	FY2015 Special Cost Studies Workpapers – Special Services (Public Portion)
USPS-FY15-31	FY2015 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY15-32	FY2015 CRA “B” Workpapers (Public Version)

Included at the end of this preface is Table 1, a summary table of CS 3 cost pool data displaying for each cost pool: total accrued costs, mail processing accrued and volume-variable costs, and volume-variable percent of mail processing costs. An Excel version of the table is included in the “USPS-FY15-7 part1.xlsx” file in the Excel Workbooks section of USPS-FY15-7.

In order to fulfill its obligations under the PAEA regarding USO costs, the Commission in Order No. 2837 (Nov. 24, 2015) sought reporting of total expenses for CAG K and L offices based on National Consolidated Trial Balance data, to replace a piggyback method previously employed, and of subaccount 105 (former Cost Segment 4) clerk costs. The FY2015 values are provided below.

Expense Grouping	Costs
Subaccount 105 Clerk Costs (Former CS4)	176,461,864
Total Expenses, CAG K/L Finance Numbers	561,496,642

Source: USPS-FY15-7 Part1.xlsx, Table I-1D

## II. ORGANIZATION

USPS-FY15-7 consists of:

- An “Excel Workbooks” section with eight Excel files;
- SAS program documentation comprising the SAS program code, rtf files for SAS logs, and SAS output tables provided as Excel and HTML files.

*USPS-FY15-7 Excel Workbooks* comprises eight parts, each contained in an Excel workbook. The eight Excel files are named USPS-FY15-7 Part I.xlsx through USPS-FY15-7 Part VIII.xlsx. The contents of each Excel file are indicated below under Section III.A, below. For each file, the included tables and their titles are listed in a Contents worksheet.

USPS-FY15-7 SAS processing is described below in Section III.B. *USPS-FY15-7 SAS Programs* contains the SAS programs. *USPS-FY15-7 SAS Logs* contains rtf files of the SAS logs for each program. *USPS-FY15-7 SAS Output Tables* contains HTML files and Microsoft Excel workbooks comprising the output generated from the SAS programs.

## III. DOCUMENTATION

### III.A. Table of Contents for USPS-FY15-7 Excel Workbook.

- Part I:** Development of Cost Pools for Cost Segment 3.
- Preface Table Links.
  - Summary Tables of C/S 3 accrued costs by facility type.
  - Tables of MODS Operation Hours by cost pool and by LDC for MODS 1&2 Facilities and for NDCs.
  - Tables of percent of cost pool MODS hours by LDC for MODS 1&2 Facilities and for NDCs.
  - Tables of nonMODS cost pools.
- Subclass Volume-Variable Costs and Variabilities, By Cost Pool (Cost Pools Include “Migrated” and “Fixed” Tallies by IOCS Activity Code).
- Part II:** List of MODS Operation Codes.
- Part III:** Subclass Volume-Variable Costs Disaggregated By Shape And By Cost Pool For First Class, Periodicals, Standard Mail and Package Services, Priority, Parcel Select, and Parcel Select Return Services. (Shapes identified are letter, flat, and ipp/parcel).

Details by Metered mail for Letter-Shaped and Flat-Shaped First Class Single Piece, and by Permit Imprint for lpp/Parcel-Shaped First Class Single Piece.

- Part IV:** Administrative and Window Service Input Costs to the CRA “B” Workpapers
- Part V:** Premium-adjusted Subclass Costs for C/S 3 Component 035, Distribution Keys for C/S 11, 15, 16, 18, and 20 Components (inputs to the CRA model)
- Part VI:** Equipment Volume-Variabilities for C/S 11, 16 (inputs to the CRA model)
- Part VII:** Premium Pay Adjustment Factors by Subclass, Overhead Factors by Cost Pool, and Crosswalk of Selected CRA Equipment Categories to MODS Mail Processing Cost Pools (inputs to special cost studies)
- Part VIII:** Disaggregated Wage Rates (inputs to special cost studies)

### **III. B. SAS Program Documentation for USPS-FY15-7**

The FY15 SAS programs employ similar structures, methods and procedures as in FY14. The SAS processing for USPS-FY15-7 was performed using PC SAS, specifically SAS for Windows version 9.4 (64-bit).

#### **1. General Objective:**

This set of SAS programs generates the Cost Segment 3 mail processing, administrative and window service input data into the CRA “B” Workpapers. Comments are included in the SAS programs to provide a description of the SAS codes.

The great majority of the SAS programs relate to the development of volume-variable mail processing costs by cost pool for the mail rate categories associated with three facility groups: NDCs, MODS 1&2 facilities, and NONMODS facilities (NONMODS consist of all other Post-Offices, Stations, and Branches that are not part of the MODS 1&2 group). The three facility groups are identified by finance numbers. The cost pools for the NDCs and MODS 1&2 facilities are identified by MODS operations while those for the NONMODS offices are identified by IOCS operations. Thus, the cost pool dollars for the NDCS and MODS 1&2 cost pools and the total dollars for the NONMODS facilities are derived independently from IOCS.

Volume-variable costs by mail rate categories are obtained by applying mail distribution keys to volume-variable activities within a cost pool. The cost pool

volume-variable and non-volume-variable activities as well as the migrated tallies are determined by IOCS (migrated tallies are activities assigned by IOCS to non-mail processing functions but they are included in the mail processing cost pool as a result of the use of MODS operation numbers reported in IOCS).

Distribution keys (i.e. percentages of dollar-weighted tallies by mail category) are based on mail class and subclass information collected through IOCS. Using IOCS data, the programs construct various distribution factors from direct dollar-weighted tallies ("direct" tallies are tallies for which a mail category has been identified by the data collector). These factors are then applied within a cost pool to distribute the dollar-weighted tallies associated with mixed mail or not-handling mail activities to mail rate categories. The combined direct and subclass distributed dollar-weighted tallies are then adjusted to the cost pool costs to provide the mail processing volume-variable costs for the mail rate categories.

## **2. General Programming Structure:**

### **Step0** *Partition Tallies into Three Facility Groups Based on Tally Finance Numbers*

The SAS program selects all records from the IOCS Tally File which meet the following criteria:

Employee is a clerk or mailhandler  
Employee is not at a CAG K office.

The IOCS tallies are divided into three facility groups, based on the tally finance numbers:

MODS 1&2  
Non-MODS  
NDCS

The programming processing tasks are organized and performed separately for each of the above three groups. Although there are variations of criteria and parameters in step execution and of input and output data among the three groups, the program core structures and algorithms are similar across the groups (accordingly the SAS program names have not been changed). All computations are based on dollar-weighted tallies.

The succession of processing steps that is common across the three groups is as follows:

### **Step1** *Assign Tallies to C/S 3 Functions and Mail Processing Cost Pools; Construct Subclass Distribution keys and Identify Groups of Tallies to which the Distribution Keys would apply.*

- 1.1 Classify clerk and mail handler tallies into mail processing, window service, claims and inquiries, and administrative groups.
- 1.2 Classify the mail processing tallies into cost pools. The MODS tallies are further disaggregated into ISC and non-ISC tallies. All the ISC mail processing operations are aggregated to form the international mail processing cost pool.
- 1.3 Identify, within each cost pool, the sets of tallies to be used for subclass distribution factors in Step 3 and the sets of tallies to which the distribution factors will apply in all subsequent processing steps. (The two sets are sometimes referred to as *distributing* and *distributed* sets). Note: migrated tallies, non-volume-variable tallies and Express mail out-of-office tallies are set aside at this stage)
- 1.4 Construct piece-shape, and item-type subclass distribution factors for Step2, based on the piece shapes and item types of direct tallies.

**Step2** *Distribute mixed mail handling tallies to subclasses*

- 2.1 Apply subclass distribution factors from Step 2 to distribute dollar-weighted tallies of uncounted and empty single items, and of items and loose pieces in 'identified' containers.
- 2.2 Use distributed dollar-weighted tallies of 'identified' containers from Step 2.1 and dollar-weighted tallies of direct containers from Step 1.3 to construct subclass distribution factors by container type.
- 2.3 Apply subclass distribution factors to distribute dollar-weighted tallies of 'unidentified' and empty containers.
- 2.4 Use distributed dollar-weighted tallies of 'identified', 'unidentified' and empty containers to distribute dollar-weighted tallies of tall pallet boxes.

**Step3** *Distribute not-handling tallies and special pool costs to subclasses*

- 3.1 Construct proxy subclass distribution keys for LDC 15, and broad based distribution keys for distributing not-handling tallies in specified cost pools.
- 3.2 Construct subclass distribution keys based on handling tallies for distributing 'not handling' dollar-weighted tallies within a cost pool.
- 3.3 Distribute LDC15 costs and not-handling tallies to mail rate categories.
- 3.3 Combine all direct and subclass-distributed dollar-weighted tallies.

**Step4** *Special Adjustment to Allied Cost pools*

- 4.1 Adjust the non-special services subclass distribution keys for the 'allied' cost pools based on the PRC methodology, and apply the adjusted distribution keys to the mail processing volume-variable costs by cost pool.
- 4.2 Distribute the volume-variable portion of the out-of-office Express Mail costs to Express Mail rate categories.
- 4.3 Combine direct and subclass-distributed costs for non-allied cost pools obtained in Step 3 and for 'allied' cost pools obtained in Step 4.1 with the out-of-office Express mail costs from Step 4.2, and add back the costs for non-volume-variable and migrated tallies. The costs thus obtained are inputs into C/S 3 workpapers.

Cost pools for the MODS 1&2 facilities and the NDCS are based on the MODS operations reported in IOCS (Q18A03). Mail processing cost pools for the Non-MODs are based on responses to Question 18.

*Distributing* sets consist of records with a mail or special service activity code (i.e., 1000-4950, 53XX-54XX, and 0020-0900 *if the employee is handling mail*) and *distributed* sets consist of those without. Records in both sets can be associated with:

pieces

item types (Q20=B, Q21B01=A-G, Q21B02=A-H)

container types (Q21C01=A-I, Q21C02=A-B,E, Q20=F, Q21B01=H)

Note: The terms 'item' and 'container' are not used as such in the FY 05 redesigned IOCS questionnaire. However, the terms 'item' and 'container' are still applicable. 'Item' refers to the following categories: bundles (Q10=B); and non-wheeled container types, primarily trays and sacks, (Q21B01=A-D,F-G, Q21B02=A-H). 'Container' refers to the following categories: wheeled container types (Q21C01=A-I); pallets and short pallet boxes (Q21C02=E, Q21C02=A-B); and combinations of containers (Q20=F, Q21B01=H). Tall pallet boxes are in a separate category of their own.

In Step 1, *distributing* items are those with identical mail, where the top piece rule applies or where the piece contents are counted. *Distributed* items are:

single items, uncounted or empty

items in 'identified' containers. 'Identified' containers are those with recorded percentages of container volume (cube) occupied by shapes of loose mail and/or items (criteria: Q21G01[A-U] must not be all zero or blank, or contain any asterisks).

*Distributing* pieces are pieces handled by the employee or pieces processed on piece sorting equipment. *Distributed* pieces are loose mail in 'identified'

containers.

In Step 2.1, 'identified' container tallies are processed similarly to counted item tallies in the IOCS file. A separate record is created for each non-zero percentage recorded for an item type or shape of loose mail in the container. The dollar weight for this record is the pro-rated tally dollar weight, based on the ratio of the recorded percentage for an item type or loose mail shape to the totaled percentages. In this fashion, each record in the distributed groups is uniquely identified with an item type or piece shape to which a distribution factor can be applied.

In Step 2.2, distributing containers are containers with identical mail and 'identified' containers whose content costs are distributed in Step 2.1. Distributed containers are 'unidentified' containers, (they have insufficient content information) or empty containers.

### 3. General Methods and Procedures Employed:

The underlying algorithm to construct a distribution key and distribute costs is employed at several places in the above process. A key is generally derived within the bounds of a single cost pool, but for specified circumstances, it can be derived across several cost pools. It is, however, always applied within the bounds of a single cost pool. The algorithmic approach is to:

Create for each mail activity code in the distribution key a separate distribution factor record containing the values of a numerator (*key*) and a denominator (*keytot*). *key* is the summed tally dollar weights for a mail activity code. *keytot* is the summed tally dollar weights for all mail activity codes in the distribution key. This is accomplished through applications of SAS *proc means* and SAS *merge*.

Uniquely identify each of the distribution key records by numbering them from 1 to *N*. The record sequence number will be used as a *merge* control variable.

Create for each record in the distributed group as many duplicate records as there are separate mail activity codes in the distribution key. Uniquely identify each of the duplicate records by numbering them from 1 to *N*.

Through a SAS *merge* with the distribution key records, add a mail activity code and the corresponding *key* and *keytot* to each record in the distributed group.

Multiply the record tally dollar weight by the ratio of *key* to *keytot* to obtain the distributed record tally dollar weight for the mail activity code.

If in a cost pool there is no distribution key to apply to a record in the distributed set, a new distribution key aggregated across cost pools is constructed and



applied to that record, using the above procedure. The aggregation across cost pools is performed within each of the three facility groups, e.g. MODS 1&2 (with the ISC cost pool being excluded from this process), NONMODS, and BMCs. For the ISC cost pool, the distributed mixed mail subclass costs are proportionately augmented within each pool by the undistributed amount in that pool.

Several sets of SAS program code are implemented as separate modules that can be inserted into any programs by using the SAS '% INCLUDE' Statement.

For example, the SAS program code used to implement Steps 1.3 and 1.4 is applicable to all three facility groups. They are therefore stored as a separate SAS program (MAPITEMC). The same SAS program code for MAPITEMC can be inserted into any of the programs by using the SAS '% INCLUDE.' It is then executed as part of the linking program.

Examples of other similar types of SAS modules include: MAPCLASS, which maps the activity codes into the rate categories; MAPCLCRA14, which assigns the CRA subclass numbers to those in established in MAPCLASS; DIST5354, which redistributes the costs for 5340 and 54XX to the relevant rate categories; PRACTV, which lists the activity codes considered to be non-volume-variable and the migrated tallies; SHAPES, which maps the activity codes into disaggregated rate categories by shape.

As stated above, some SAS modules used to provide inputs have been replaced by Microsoft Excel spreadsheets. Examples of these are as follows: For MODS, the Excel spreadsheet DOLWGT14.xls provides the cost pool \$ and facility space component number associated with the cost pool (replacing the SAS module DOLWGT); For NDCs, the spreadsheet DolwgtBM14.xls provides the cost pool \$, and the spreadsheet BMCspace.xls provides the facility space component (replacing DOLWGTTBM); For non-MODS offices, the aggregate IOCS \$, the aggregate accrued \$, the overhead factors used to incorporate the 'on break' and 'clocking in/out' costs into each mail processing cost pool are all calculated within the NONMOD1 SAS program, eliminated the need for the DOLWGTTNM SAS program. The space component associated with each pool is provided by the spreadsheet NMSpace.xls.

#### **4. List of SAS Programs:**

Listed below are SAS programs with their input data sets and output data sets. Output data sets are temporary partitioned data files (the member name is in parentheses). Output data sets from a SAS program are used as input data sets for subsequent SAS programs. The SAS programs are executed in the order they are listed for each office type. The SAS programs for mail processing can be associated with steps 0 through 4 in section 2 above as follows:

SAS PROGRAM	INPUTS	OUTPUTS
MBCLREF (Step 0)	<i>f</i> The SAS version of the PC SAS IOCS Data File in USPS-FY15-37. <i>f</i> Flat file of <i>F2</i> MODS 1&2 encrypted finance numbers in IOCS file (mods_fin14.prn)	&&MODS.TALLIES &&NONMODS.TALLIES &&BMCS.TALLIES

<b>MODS 1&amp;2 PROGRAMS</b>	<b>% INCLUDE PROGRAMS &amp; WORKBOOKS</b>	<b>INPUTS</b>	<b>OUTPUTS</b>
MOD1POOL (Steps 1.1, 1.2)	<i>MODS15ND.xls</i> <i>REMAP15</i> <i>DOLWGT15.xls</i>	<i>&amp;&amp;MODS.TALLIES</i>	<i>&amp;&amp;MODS(MODS)</i> <i>&amp;&amp;MODS(EXPRSOUT)</i> <i>&amp;&amp;MODS(DOLWGT15)</i>
MOD1DIR (Steps 1.3, 1.4)	<i>MAPITEMC</i> <i>PRCACTV</i>	<i>&amp;&amp;MODS(MODS)</i>	<i>&amp;&amp;MODS (DIRECT)</i> <i>&amp;&amp;MODS (MODKEY)</i> <i>&amp;&amp;MODS (ITEMPC)</i> <i>&amp;&amp;MODS (CONTEMP)</i> <i>&amp;&amp;MODS (NOTHAND)</i> <i>&amp;&amp;MODS(LD15)</i> <i>&amp;&amp;MODS(PALLET2)</i> <i>&amp;&amp;MODS (EXEMPT)</i> <i>&amp;&amp;ADMWIN (MODS)</i>
MOD2ITEM (Steps 2.1)		<i>&amp;&amp;MODS (MODKEY)</i> <i>&amp;&amp;MODS (ITEMPC)</i>	<i>&amp;&amp;MODS (ITEMFILL)</i>
MOD22ITM (Steps 2.1)		<i>&amp;&amp;MODS (MODKEY)</i> <i>&amp;&amp;MODS (ITEMPC)</i>	<i>&amp;&amp;MODS (ITEMFIL1)</i>
MOD23ITM (Steps 2.1)		<i>&amp;&amp;MODS (MODKEY)</i> <i>&amp;&amp;MODS (ITEMPC)</i>	<i>&amp;&amp;MODS (ITEMFIL2)</i>
MOD3CONT (Steps 2.2, 2.3)		<i>&amp;&amp;MODS (MODKEY)</i> <i>&amp;&amp;MODS (ITEMFILL)</i> <i>&amp;&amp;MODS (ITEMFIL1)</i> <i>&amp;&amp;MODS (ITEMFIL2)</i> <i>&amp;&amp;MODS (CONTEMP)</i>	<i>&amp;&amp;MODS (CONTFILL)</i>
MOD31CNT (Steps 2.4)		<i>&amp;&amp;MODS (PALLET2)</i> <i>&amp;&amp;MODS (ITEMFILL)</i> <i>&amp;&amp;MODS (ITEMFIL1)</i> <i>&amp;&amp;MODS (ITEMFIL2)</i> <i>&amp;&amp;MODS (CONTFILL)</i>	<i>&amp;&amp;MODS (PALL2FIL)</i>
MOD4DIST (Step 4)	<i>DIST5354</i> <i>MAPCLASS</i> <i>MAPCLCRA14</i>	<i>&amp;&amp;MODS (DIRECT)</i> <i>&amp;&amp;MODS (ITEMFILL)</i> <i>&amp;&amp;MODS (ITEMFIL1)</i> <i>&amp;&amp;MODS (ITEMFIL2)</i> <i>&amp;&amp;MODS (CONTFILL)</i> <i>&amp;&amp;MODS (PALL2FIL)</i> <i>&amp;&amp;MODS (NOTHAND)</i> <i>&amp;&amp;MODS (EXEMPT)</i> <i>&amp;&amp;MODS(DOLWGT15)</i>	<i>&amp;&amp;MPCOSTS (MODS)</i> <i>&amp;&amp;MPCOSTS (EXEMPT)</i>
M5ALLIED (Step 5)	<i>DIST5354</i> <i>MAPCLASS</i> <i>MAPCLCRA</i>	<i>&amp;&amp;MPCOSTS (MODS)</i> <i>&amp;&amp;MPCOSTS (EXEMPT)</i> <i>&amp;&amp;MODS (MODKEY)</i> <i>&amp;&amp;MODS (ITEMPC)</i> <i>&amp;&amp;MODS (CONTEMP)</i> <i>&amp;&amp;MODS (NOTHAND)</i> <i>&amp;&amp;MODS(PALLET2)</i> <i>&amp;&amp;MODS(EXPRSOUT)</i> <i>&amp;&amp;MODS(DOLWGT15)</i>	<i>&amp;&amp;MPCOSTS(MODSPRC)</i> <i>Summary Data Inputs into</i> <i>C/S3 Workpapers and CRA</i> <i>MODTableII-1.xls</i>
MODSHAPE	<i>SHAPES</i> <i>MAPCLCRA14</i>	<i>&amp;&amp;MPCOSTS(MODSPRC)</i>	<i>Inputs into USPS-FY15-26</i> <i>MODsShapes.xls</i>

<b>NDCS PROGRAMS</b>	<b>% INCLUDE PROGRAMS &amp; WORKBOOKS</b>	<b>INPUTS</b>	<b>OUTPUTS</b>
BMC1 (Steps 1.1 thru 1.4)	<i>DolwgtBM15.xls</i> <i>BMCPools.xls</i> <i>MAPITEMC</i>	<i>&amp;&amp;BMCS.TALLIES</i>	<i>&amp;&amp;BMCS (BMC1POOL)</i> <i>&amp;&amp;BMCS (BMCKEY)</i> <i>&amp;&amp;BMCS(DIRECT)</i> <i>&amp;&amp;BMCS (ITEMPC)</i> <i>&amp;&amp;BMCS (CONTEMP)</i> <i>&amp;&amp;BMCS (PALLET2)</i> <i>&amp;&amp;BMCS(NOTHAND)</i> <i>&amp;&amp;BMCS(DOLWGTBM13)</i> <i>&amp;&amp;ADMWIN(EXEMPTBM)</i> <i>&amp;&amp;ADMWIN(BMCS)</i>
BMC2 (Steps 2.1)		<i>&amp;&amp;BMCS (BMCKEY)</i> <i>&amp;&amp;BMCS (ITEMPC)</i>	<i>&amp;&amp;BMCS (ITEMFILL)</i>
BMC3 (Steps 2.2, 2.3)		<i>&amp;&amp;BMCS (BMCKEY)</i> <i>&amp;&amp;BMCS (CONTEMP)</i> <i>&amp;&amp;BMCS (ITEMFILL)</i>	<i>&amp;&amp;BMCS (CONTFILL)</i>
BMC31CNT (Steps 2.4)		<i>&amp;&amp;BMCS (PALLET2)</i> <i>&amp;&amp;BMCS (ITEMFILL)</i> <i>&amp;&amp;BMCS (CONTFILL)</i>	<i>&amp;&amp;BMCS (PALL2FIL)</i>
BMC4DIST (Step 4)	<i>DIST5354</i> <i>MAPCLASS</i>	<i>&amp;&amp;BMCS (DIRECT)</i> <i>&amp;&amp;BMCS (ITEMFILL)</i> <i>&amp;&amp;BMCS (CONTFILL)</i> <i>&amp;&amp;BMCS (PALL2FIL)</i> <i>&amp;&amp;BMCS (NOTHAND)</i> <i>&amp;&amp;BMCS(DOLWGTBM13)</i> <i>&amp;&amp;ADMWIN (EXEMPTBM)</i>	<i>&amp;&amp;MPCOSTS (BMCS)</i> <i>&amp;&amp;MPCOSTS (EXEMPTBM)</i>
B5ALLIED (Step 5)	<i>DIST5354</i> <i>MAPCLASS</i> <i>MAPCLCRA14</i>	<i>&amp;&amp;MPCOSTS (BMCS)</i> <i>&amp;&amp;MPCOSTS</i> <i>(EXEMPTBM)</i> <i>&amp;&amp;BMCS (BMCKEY)</i> <i>&amp;&amp;BMCS (ITEMPC)</i> <i>&amp;&amp;BMCS (CONTEMP)</i> <i>&amp;&amp;BMCS (NOTHAND)</i> <i>&amp;&amp;BMCS(PALLET2)</i> <i>&amp;&amp;BMCS(DOLWGTBM13)</i>	<i>&amp;&amp;MPCOSTS</i> <i>(BMCSPRC) Summary</i> <i>Data Inputs into</i> <i>C/S3 Workpapers</i> <i>BMCTableII-3.xls</i>
BMCSHAPE	<i>SHAPES</i> <i>MAPCLCRA14</i>	<i>&amp;&amp;MPCOSTS (BMCSPRC)</i>	<i>Inputs into USPS-FY15-26</i> <i>BMCSHapes.xls</i>

NONMODS PROGRAMS	% INCLUDE PROGRAMS & WORKBOOKS	INPUTS	OUTPUTS
NONMOD1 (Steps 1.1 thru 1.4)	MAPITEMC	&&NONMODS.TALLIES	&&NONMODS (NMD1POOL) &&NONMODS (EXPRSOUT) &&NONMODS (PALLET2) &&NONMODS (NMODKEY) &&NONMODS (DIRECT) &&NONMODS (ITEMPC) &&NONMODS (CONTEMP) &&NONMODS (NOTHAND) &&NONMODS(DOLWGTNM) &&ADMWIN(EXEMPTNM) &&ADMWIN(NMOD) NMODI-4.xls NMODI-4A.xls NMODI-4B.xls NMODI-4C.xls NMODI-4Da.xls
NONMOD12 (Steps 2.1)		&&NONMODS (NMODKEY) &&NONMODS (ITEMPC)	&&NONMODS (ITEMFILL)
NONMOD22 (Steps 2.1)		&&NONMODS (NMODKEY) &&NONMODS (ITEMPC)	&&NONMODS (ITEMFIL1)
NONMOD3 (Steps 2.2, 2.3)		&&NONMODS (NMODKEY) &&NONMODS (ITEMFILL) &&NONMODS (ITEMFIL1) &&NONMODS (CONTEMP)	&&NONMODS (CONTFILL)
NONMOD31 (Steps 2.4)		&&NONMODS (PALLET2) &&NONMODS (ITEMFILL) &&NONMODS (ITEMFIL1) &&NONMODS (CONTFILL)	&&NONMODS (PALL2FIL)
NONMOD4 (Step 4)	DIST5354 MAPCLASS	&&NONMODS (DIRECT) &&NONMODS (ITEMFILL) &&NONMODS (ITEMFIL1) &&NONMODS (CONTFILL) &&NONMODS (PALL2FIL) &&NONMODS (NOTHAND) &&NONMODS(DOLWGTNM) &&ADMWIN(EXEMPTNM)	&&MPCOSTS (NONMODS) &&MPCOSTS (NMEXEMPT)
N5ALLIED (Step 5)	DIST5354 MAPCLASS MAPCLCRA	&&MPCOSTS (NONMODS) &&MPCOSTS (NMEXEMPT) &&NONMODS (NMODKEY) &&NONMODS (ITEMPC) &&NONMODS (CONTEMP) &&NONMODS (NOTHAND) &&NONMODS(PALLET2) &&NONMODS(EXPRSOUT) &&NONMODS(DOLWGTNM)	&&MPCOSTS (NMODPRC) Summary Data Inputs into C/S3 Workpapers NMDTableII-2.xls
NMDSHAPE	SHAPES MAPCLCRA14	&&MPCOSTS (NMODPRC)	Inputs into USPS-FY15-26 NMDshape_TableIII-B.xls

ADMINISTRATIVE/ WINDOW SERVICES PROGRAMS	% INCLUDE PROGRAMS & WORKBOOKS	INPUTS	OUTPUTS
ADMWIN WINACCP	<i>DIST5354 MAPCLASS MAPCLCRA14</i>	<i>&amp;&amp;ADMWIN(MOD) &amp;&amp;ADMWIN(NMOD) &amp;&amp;ADMWIN(BMC) &amp;&amp;MODS(DOLWGT15) &amp;&amp;BMCS(DOLWGTTBM15) &amp;&amp;NONMDOS(DOLWGTTNM) &amp;&amp;MODS(EXPRSOUT)</i>	<i>Inputs into C/S 3 Workpapers ADMWIN_TableIV-1a.xls ADMWIN_TableIV-1a_pt2.xls ADMWIN_TableIV-1B.xls ADMWIN_TableIV-1C.xls ADMWIN_TableIV-1D.xls ADMWIN_TableIV-1E.xls WINACCP_TableIV-2.xls WINACCP_TableIV-2_pt2.xls WINACCP_TableIV-2pt3.xls</i>

**Table 1: FY 15 Cost Segment 3 Clerk and Mailhandler Cost Pools****1. MAIL PROCESSING (LDC 11-15,17-18,41-44,48-49,79 MODS ops for MODS & NDCs, IOCS ops for nonMODS)**

SAS name	Applicable LDC or IOCS	Cost Pool Title	Pool Total Costs (incl migrated & fixed) (a)	PRC Mail Proc Pool costs (excl 'migrated') (b)	PRC Mail Proc Vol.Var. Costs (excl 'fixed') (c)	PRC Mail Proc Pool Volume-Variable Factor (c) / (b)
<b>1A. MAIL PROCESSING - MODS 1&amp;2 GROUP</b>						
<b>Automated Distribution</b>						
D/BCS	11	BCS/DBCS	1,616,580	1,609,601	1,598,368	0.9930
<b>Mechanized Distribution, Letters &amp; Flats</b>						
AFSM100	12 & 17	AFSM100 (incl. LDC17 MODS op #140)	541,303	539,287	531,390	0.9854
FSM/1000	12	FSM 1000	4,243	4,243	4,112	0.9691
FSS	12 & 17	FSS (incl. LDC17 MODS op #530)	206,105	205,527	202,395	0.9848
<b>Mechanized Distribution, Other</b>						
MECPARC	13	Mechanized Parcels	4,265	4,265	4,102	0.9617
APBS OTH	13	APBS - Non Priority	231,014	230,147	224,722	0.9764
APBSPRIO	13	APBS - Priority	436,332	434,094	426,341	0.9821
1SACKS_M	13	Mechanical Sort - Sack Outside	33,121	33,027	32,039	0.9701
1TRAYSRT	13	Mechanical Tray Sorter / Robotics	273,358	272,713	260,168	0.9540
<b>Manual Distribution</b>						
MANF	14	Manual Flats	155,058	154,134	150,045	0.9735
MANL	14	Manual Letters	297,876	295,060	289,361	0.9807
MANP	14	Manual Parcels	38,277	38,277	37,513	0.9800
PRIORITY	14	Manual Priority	269,145	267,191	263,367	0.9857
LD15	15	<b>LDC 15</b>	68,338	68,255	62,061	0.9093
<b>Allied Operations</b>						
1CANCEL	17	Cancellation	194,513	193,724	190,670	0.9842
1DSPATCH	17	Dispatch	118,168	117,948	114,659	0.9721
1FLATPRP	17	Flats Preparation (excl. LDC17 op#140 & #530)	58,216	58,121	57,301	0.9859
1MTRPREP	17	Mail Preparation - metered	12,627	12,627	12,191	0.9655
1OPBULK	17	Opening Unit - BBM	52,674	52,553	51,229	0.9748
1OPPREF	17	Opening Unit - Preferred Mail	189,303	187,939	183,418	0.9759
1OPTRANS	17	Opening - Manual transport	49,072	48,856	45,812	0.9377
1PLATFRM	17	Platform	1,110,395	1,104,827	1,022,535	0.9255
1POUCHNG	17	Pouching Operations	33,691	33,568	32,677	0.9735
1PRESORT	17	Presort	207,864	202,867	196,513	0.9687
1SACKS_H	17	Manual Sort - Sack Outside	42,004	41,669	39,740	0.9537
1SCAN	17	Air Contract DCS and Incoming/SWYB	73,951	73,835	72,257	0.9786
<b>Other Operations</b>						
BUSREPLY	18	Business Reply / Postage Due	8,613	8,535	8,384	0.9823
EXPRESS	18	Express Mail	65,571	64,785	56,226	0.8679
REGISTRY	18	Registry	70,668	70,100	38,641	0.5512
REWRAP	18	Damaged Parcel Rewrap	12,646	12,260	11,751	0.9585
1EEQMT	18	Empty Equipment	29,466	29,466	29,466	1.0000
1MISC	18	Miscellaneous	54,081	45,632	43,925	0.9626
1SUPPORT	18	Mail Processing Support	144,867	36,311	32,573	0.8970
INTL ISC	all MP LDCs	<b>ISCs</b> (International Service Centers)	238,855	233,099	224,263	0.9621
LD41	41	LDC 41 - Unit Distribution - Automated/Mechan	581	566	566	1.0000
LD42	42	LDC 42 - Business Return Services	40,384	37,923	36,721	0.9683
LD43	43	LDC 43 - Unit Distribution - Manual	565,715	550,968	534,314	0.9698
LD44	44	LDC 44 - Post-Office Box Distribution	94,350	83,313	81,841	0.9823
LD48 EXP	48	LDC 48 - Customer Service / Express <sup>1/</sup>	11,696	11,696	6,606	0.5648
LD48 OTH	48	LDC 48 - Customer Service / Other <sup>1/</sup>	217,181	164,376	149,343	0.9085
LD48_ADM	48	LDC 48 - Customer Service / Admin <sup>1/</sup>	119,356	59,249	51,624	0.8713
LD48_SSV	48	LDC 48 - Customer Service / Spec.Serv. <sup>1/</sup>	41,038	38,127	23,965	0.6286
		Total LDC 48	389,271			
LD49	49	LDC 49 - Computerized Forwarding Syst.	102,399	101,988	101,924	0.9994
LD79	79	LDC 79 - Mailing Req' & Bus. Mail Entry	186,001	173,630	78,530	0.4523
<b>MAIL PROCESSING TOTAL FOR MODS 1&amp;2 Offices</b>			<b>8,320,962</b>	<b>8,006,381</b>	<b>7,615,651</b>	<b>0.9512</b>

**Table 1: FY 15 Cost Segment 3 Clerk and Mailhandler Cost Pools**

SAS name	Applicable LDC or IOCS	Cost Pool Title	Pool Total Costs ( incl migrated & fixed) (a)	PRC Mail Proc Pool costs (excl 'migrated') (b)	PRC Mail Proc Vol.Var. Costs (excl 'fixed') (c)	PRC Mail Proc Pool Volume-Variable Factor c / d
<b>1B. MAIL PROCESSING - NDCs GROUP</b>						
FSS	12 & 17	FSS (incl. LDC17 MODS op #530)	22,036	21,933	20,855	0.9509
MANP	14	NDC Manual Parcel Sorting (incl manual NMO)	17,433	17,209	15,625	0.9079
NMO	13	Non-Machinable Outside sorter (NMO)	1,187	1,187	1,187	1.0000
OTHR	other MP LDCs	Allied Labor & all other Mail Processing	141,277	119,411	112,686	0.9437
PLA	17	Platform	364,991	363,465	329,218	0.9058
PSM	13	Parcel Sorting Machine	170,107	168,875	164,853	0.9762
APBS	13	APBS (incl SPBS)	81,066	80,687	76,373	0.9465
SSM	13	Sack Sorting Machine	20,202	20,202	17,520	0.8672
TRAYSORT	13	Tray Sorter & Robotics	48,874	48,764	46,350	0.9505
<b>MAIL PROCESSING TOTAL FOR NDCs</b>			<b>867,172</b>	<b>841,734</b>	<b>784,668</b>	<b>0.9322</b>
<b>1C. MAIL PROCESSING - NON-MODS GROUP</b>						
ALLIED	IOCs	Allied	390,348	390,348	369,867	0.9475
AUTO/MEC	IOCs	Automated/Mechanized	4,056	4,056	4,056	1.0000
BULKACCP	IOCs	Bulk Mail Acceptance	112,185	112,185	35,709	0.3183
BUSREPLY	IOCs	Business Return Services	38,896	38,896	38,896	1.0000
CFS	IOCs	Computerized Forwarding System	6,891	6,891	6,891	1.0000
D.PO BOX	IOCs	Distribution to P.O. Box	174,045	174,045	173,300	0.9957
EXPRESS	IOCs	Express Mail	24,256	24,256	18,011	0.7425
MANF	IOCs	Manual Flat	214,058	214,058	211,799	0.9895
MANL	IOCs	Manual Letter	268,775	268,775	263,206	0.9793
MANP	IOCs	Manual Parcel	497,931	497,931	489,458	0.9830
MISC	IOCs	Miscellaneous	196,795	196,795	193,429	0.9829
OTH ACCT	IOCs	Other Accountable	134,230	134,230	52,182	0.3888
REGISTRY	IOCs	Registry	16,971	16,971	6,743	0.3974
<b>MAIL PROC.TOTAL FOR NONMODS</b>			<b>2,079,437</b>	<b>2,079,437</b>	<b>1,863,547</b>	<b>0.8962</b>
<b>TOTAL MAIL PROCESSING FOR COST SEGMENT 3</b>			<b>11,267,570</b>	<b>10,927,551</b>	<b>10,263,866</b>	<b>0.9393</b>
<b>2. ADMINISTRATIVE/WINDOW SERVICES - inputs to B Workpapers</b>						
<b>2A. ADMINISTRATIVE/WINDOW SERVICES -MODS</b>			<b>1,090,414</b>			
	non-MP LDCs	Administrative Services - ISCs	3,769			
	45	Window Services	649,886			
	75	Claims & Inquiries	9,003			
	othr non-MP LDCs	Administrative Services	318,853			
	othr non-MP LDCs	Customer Call Centers	108,903			
		Subtotal	1,090,414			
<b>2B. ADMINISTRATIVE/WINDOW SERVICES -NDCS</b>			<b>14,090</b>			
	75	Claims & Inquiries	1,565			
	45	Window Service	0			
	othr non-MP LDCs	Administrative Services	12,525			
		Subtotal	14,090			
<b>2C. ADMINISTRATIVE/WINDOW SERVICES - nonMODS</b>			<b>2,022,871</b>			
	IOCS	Administrative Services <sup>2/</sup>	316,832			
	IOCS	Claims & Inquiries	3,382			
	IOCS	Window Services	1,702,657			
		Subtotal	2,022,871			
<b>TOTAL COST SEGMENT 3</b>			<b>14,394,945</b>			
<b>Total MODS 1&amp;2 Offices (incl ISCs)</b>			<b>9,411,375</b>			
<b>Total NDCs</b>			<b>881,262</b>			
<b>Total NonMODS Offices</b>			<b>4,102,308</b>			

## Footnotes

<sup>1/</sup> The total LDC 48 cost is allocated to the four LDC 48 cost pools in proportion to IOCS tallies reporting LDC 48 MODS operations .

<sup>2/</sup> All the non-mail processing clocking in/out costs are included in this category before being allocated to the non-mail processing functions.

## Note

For input data in col (a), see Tables I-1, I-2, I-3, I-4 in Part I

For input data in cols. (b) & (c), see Tables 2-1, 2-2, 2-3 in Part II; the computations of c/d also shown in those tables